

HENDERSON TOWNSHIP, WEXFORD COUNTY

CADILLAC, MICHIGAN

MARCH 31, 2004

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

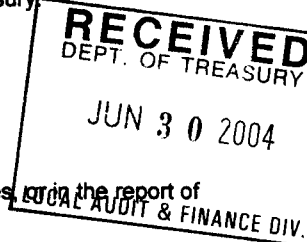
Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Henderson Township</b>	County <b>Wexford</b>
Audit Date <b>3/31/04</b>	Opinion Date <b>6/3/04</b>	Date Accountant Report Submitted to State: <b>June 18, 2004</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations



You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>BAIRD, COTTER AND BISHOP, P.C.</b>			
Street Address <b>134 W. HARRIS STREET</b>	City <b>CADILLAC</b>	State <b>MI</b>	ZIP <b>49601</b>
Accountant Signature 		Date <b>6/13/04</b>	

HENDERSON TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

MARCH 31, 2004

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M. WAYNE BEATTIE, C.P.A.  
1902 - 1990  
JACK H. BAIRD, C.P.A.  
JERRY L. COTTER, C.P.A.  
DALE D. COTTER, C.P.A.

*Baird, Cotter and Bishop, P.C.*

CERTIFIED PUBLIC ACCOUNTANTS

JOHN H. BISHOP, C.P.A.  
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SCOTT A. HUNTER, C.P.A.  
JONATHAN E. DAMHOF, C.P.A.  
MICHAEL D. COOL, C.P.A.

June 3, 2004

INDEPENDENT AUDITORS' REPORT

To the Township Board  
Henderson Township  
Wexford County  
Cadillac, Michigan

We have audited the accompanying general-purpose financial statements of Henderson Township, Wexford County, Cadillac, Michigan as of and for the year ended March 31, 2004, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Township. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note I.B, the Township's policy is to prepare its general-purpose financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the general-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the cash balances and investment in General Fixed Assets of Henderson Township, Wexford County, Cadillac, Michigan as of March 31, 2004, and the cash receipts received and cash disbursements paid for the year then ended on the basis of accounting described in Note I.B.

Our audit was conducted for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying financial information listed as "Financial Statements of Individual Funds" and "Other Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements, and in our opinion, it is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

HENDERSON TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

COMBINED STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

ALL FUND TYPES AND ACCOUNT GROUP  
MARCH 31, 2004

	GOVERNMENTAL FUND TYPES GENERAL	FIDUCIARY FUND TYPE AGENCY	ACCOUNT GROUP GENERAL FIXED ASSETS	TOTAL (MEMORANDUM ONLY)
<u>ASSETS</u>				
Cash				
Commercial Account	\$ 12,436	\$ 5	\$ 0	\$ 12,441
Certificate of Deposit	12,015	0	0	12,015
Taxes Receivable	288	0	0	288
Land and Building	0	0	52,580	52,580
Machinery and Equipment	0	0	1,389	1,389
Furniture and Fixtures	0	0	2,632	2,632
TOTAL ASSETS	\$ 24,739	\$ 5	\$ 56,601	\$ 81,345
<u>LIABILITIES AND EQUITY</u>				
<u>LIABILITIES</u>				
Deferred Revenue	\$ 288	\$ 0	\$ 0	\$ 288
<u>EQUITY</u>				
Investment in General Fixed Assets	\$ 0	\$ 0	\$ 56,601	\$ 56,601
Balance				
Unreserved	24,451	5	0	24,456
Total Equity	\$ 24,451	\$ 5	\$ 56,601	\$ 81,057
TOTAL LIABILITIES AND EQUITY	\$ 24,739	\$ 5	\$ 56,601	\$ 81,345

The accompanying notes are an integral part of these financial statements.

HENDERSON TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

GENERAL FUND  
FOR THE FISCAL YEAR ENDED MARCH 31, 2004

RECEIPTS

Taxes	\$ 4,094
State Grants	12,287
Charges for Services	774
Interest and Rents	692
Other Receipts	69
	<hr/>
Total Receipts	\$ 17,916

DISBURSEMENTS

Legislative	
Township Board	\$ 1,632
General Government	
Supervisor	1,320
Assessor	2,715
Clerk	1,543
Board of Review	326
Treasurer	1,769
Building and Grounds	2,202
Cemetery	1,027
Public Safety	275
Other Functions	3,224
	<hr/>
Total Disbursements	\$ 16,033
Excess of Receipts Over (Under) Disbursements	\$ 1,883

<u>BALANCE</u> - April 1, 2003	<hr/> 22,568
<u>BALANCE</u> - March 31, 2004	\$ <u><u>24,451</u></u>

The accompanying notes are an integral part of these financial statements.

HENDERSON TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE  
BUDGET AND ACTUAL

GENERAL FUND  
FOR THE FISCAL YEAR ENDED MARCH 31, 2004

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes	\$ 3,500	\$ 4,094	\$ 594
State Grants	12,000	12,287	287
Charges for Services	770	774	4
Interest and Rents	300	692	392
Other Receipts	100	69	(31)
Total Receipts	\$ 16,670	\$ 17,916	\$ 1,246
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 3,182	\$ 1,632	\$ 1,550
General Government			
Supervisor	1,320	1,320	0
Assessor	3,000	2,715	285
Clerk	1,582	1,543	39
Board of Review	450	326	124
Treasurer	1,769	1,769	0
Building and Grounds	2,675	2,202	473
Cemetery	1,527	1,027	500
Public Safety			
Fire Department	725	275	450
Other Functions			
Insurance and Bonds	2,000	1,994	6
Employee Benefits	1,230	1,230	0
Total Disbursements	\$ 19,460	\$ 16,033	\$ 3,427
Excess of Receipts Over (Under) Disbursements	\$ (2,790)	\$ 1,883	\$ 4,673
<u>BALANCE - April 1, 2003</u>	22,445	22,568	123
<u>BALANCE - March 31, 2004</u>	\$ 19,655	\$ 24,451	\$ 4,796

The accompanying notes are an integral part of these financial statements.



HENDERSON TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. **Reporting Entity**

Henderson Township is a general law township located in Wexford County which operates under the direction of an elected township board. Under the criteria established by generally accepted accounting principles, the Township has determined that there are no component units which should be included in its reporting entity.

B. **Measurement Focus, Basis of Accounting and Basis of Presentation**

The accounts of the Township are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The Township has no long-term debts which would be recorded in the general long-term debt account group.

The Township has the following fund types and account group:

Governmental funds are used to account for the Township's general government activities. The Township uses the flow of economic resources measurement focus and the modified cash basis of accounting for this fund which is an other comprehensive basis of accounting (OCBOA). Under the modified cash basis of accounting, revenues are recognized when collected (i.e., when cash is received). Expenditures are recorded when cash is disbursed.

Governmental funds include the following fund type:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Fiduciary funds account for assets held by the Township in a trustee capacity or as an agent on behalf of others.

HENDERSON TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

The Current Tax Collection Fund is an agency fund and is custodial in nature. It does not present results of operation or have a measurement focus. The agency fund also uses the modified cash basis of accounting. This fund is used to account for property tax collections which the township makes and distributes for others in an agency capacity.

Account Group. The General Fixed Asset Account Group is used to account for fixed assets of the Township.

**C. Assets, Liabilities and Equity**

**1. Deposits and Investments**

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

The Township's investment policy allows the Treasurer to invest funds in certificates of deposit which mature in one year or less.

**2. Receivables and Payables**

Under the modified cash basis of accounting, the only noncash asset recorded is a receivable for uncollected property taxes. This receivable is entirely offset by a deferred revenue liability account so that income is only recognized when cash is received.

**3. Fixed Assets**

Fixed assets used in governmental fund types (general fixed assets) are accounted for in the General Fixed Assets Account Group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized.

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Township) are not capitalized.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not included in the general fixed assets account group.

HENDERSON TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

4. Use of Estimates

This presentation of financial statements on the modified cash basis of accounting requires the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reported period. Actual results could differ from those estimates.

5. Memorandum Only - Total Columns

Total columns on the general-purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The annual budget is adopted on the modified cash basis in accordance with the requirements of Michigan Public Act 621 of 1978 "The Uniform Budgeting and Accounting Act". A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budget amounts presented are as originally adopted on April 4, 2003.

The appropriated budget is prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

At year-end, the carrying amount of the Township's regular deposits was \$24,456 and the bank balance was \$27,529 all of which was covered by federal depository insurance.

HENDERSON TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

The carrying amount of Township's deposits at year-end are shown below:

	GENERAL FUND	CURRENT TAX COLLECTION FUND
Fifth Third Bank		
Cadillac, Michigan		
Commercial Account	\$ 12,436	\$ 0
Certificate of Deposit	12,015	0
Wexford Community Credit Union		
Cadillac, Michigan		
Commercial Account	0	5
 TOTAL	 \$ 24,451	 \$ 5

**B. Fixed Assets**

Activity in the general fixed assets account group for the township for the year ended March 31, 2004, was as follows:

	BALANCE 4/1/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
Land and Building	\$ 52,580	\$ 0	\$ 0	\$ 52,580
Machinery and Equipment	1,389	0	0	1,389
Furniture and Fixtures	2,632	0	0	2,632
 TOTAL	 \$ 56,601	 \$ 0	 \$ 0	 \$ 56,601

**IV. OTHER INFORMATION**

**A. Property Taxes**

The Township levied 0.871 mills on a state taxable valuation of \$4,377,003 on the 2003 tax roll.

Properties are assessed January 1, and the related property taxes become a lien on December 1 of the same year. These taxes are due on or before February 14 with a final collection date of February 28, before they are added to the county tax rolls. Property taxes levied December 1 which are collected prior to the end of the Township's fiscal year, are recognized as income in the year in which they are levied.

HENDERSON TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

**B. Interest Income and Expense**

For the year ended March 31, 2004, interest income and expense was as follows:

	INTEREST	
	INCOME	EXPENSE
General Fund	\$ 192	\$ 0

NOTE - Interest income earned in the Current Tax Collection Fund is transferred to the General Fund and is shown above as General Fund interest income.

**C. Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability, workers compensation, and errors and omissions insurance. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required for the current year or prior three years.

The Township continued to carry insurance for other risks of loss, including fidelity bonds.

HENDERSON TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GENERAL FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS  
MARCH 31, 2004

ASSETS

Cash	
Commercial Account	\$ 12,436
Certificate of Deposit	12,015
Taxes Receivable	288
	<hr/>
TOTAL ASSETS	\$ 24,739

LIABILITIES AND EQUITY

LIABILITIES

Deferred Revenue	\$ 288
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EQUITY

Balance	
Unreserved	24,451
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TOTAL LIABILITIES AND EQUITY	\$ 24,739
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HENDERSON TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GENERAL FUND  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes	\$ 3,500	\$ 4,094	\$ 594
State Grants	12,000	12,287	287
Charges for Services	770	774	4
Interest and Rents	300	692	392
Other Receipts	100	69	(31)
Total Receipts	\$ 16,670	\$ 17,916	\$ 1,246
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 3,182	\$ 1,632	\$ 1,550
General Government			
Supervisor	1,320	1,320	0
Assessor	3,000	2,715	285
Clerk	1,582	1,543	39
Board of Review	450	326	124
Treasurer	1,769	1,769	0
Building and Grounds	2,675	2,202	473
Cemetery	1,527	1,027	500
Public Safety			
Fire Department	725	275	450
Other Functions			
Insurance and Bonds	2,000	1,994	6
Employee Benefits	1,230	1,230	0
Total Disbursements	\$ 19,460	\$ 16,033	\$ 3,427
Excess of Receipts Over (Under) Disbursements	\$ (2,790)	\$ 1,883	\$ 4,673
<u>BALANCE - April 1, 2003</u>	22,445	22,568	123
<u>BALANCE - March 31, 2004</u>	\$ 19,655	\$ 24,451	\$ 4,796

HENDERSON TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH RECEIPTS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2004

TAXES

Current Property Taxes	\$	3,523
Delinquent Tax and Interest		569
Late Payment Fee		2
		<hr/>

Total Taxes	\$	4,094
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STATE GRANTS

State Revenue Sharing		
Sales and Use Tax		12,287

CHARGES FOR SERVICES

Summer Tax Collection		774
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INTEREST AND RENTS

Interest Earnings	\$	192
Rents		500
		<hr/>

Total Interest and Rents		692
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OTHER RECEIPTS

Miscellaneous		69
		<hr/>

TOTAL RECEIPTS	\$	<u>17,916</u>
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HENDERSON TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2004

LEGISLATIVE

Township Board

Personal Services

Salaries and Wages

\$ 812

Other Services and Charges

Printing and Publishing

5

Memberships and Dues

186

Miscellaneous - Other

629

Total Legislative

\$ 1,632

GENERAL GOVERNMENT

Supervisor

Personal Services

Salaries and Wages

\$ 1,282

Other Services and Charges

Miscellaneous - Other

38

\$ 1,320

Assessor

Supplies

Office Supplies

\$ 134

Other Services and Charges

Contracted Services

1,920

Tax Roll Maintenance

661

2,715

Clerk

Personal Services

Salaries and Wages

\$ 1,457

Supplies

Office Supplies

86

1,543

Board of Review

Personal Services

Salaries and Wages

326

HENDERSON TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2004

GENERAL GOVERNMENT - Continued

Treasurer

Personal Services

Salaries and Wages

\$ 1,582

Supplies

Office Supplies

187

1,769

Building and Grounds

Other Services and Charges

Utilities

\$ 823

Repairs and Maintenance

804

Hall Rental Refunds

575

2,202

Cemetery

Other Services and Charges

Aid to Other Governments

\$ 987

Miscellaneous

40

1,027

Total General Government

10,902

PUBLIC SAFETY

Fire Protection

Other Services and Charges

Aid to Other Governments

275

OTHER FUNCTIONS

Insurance and Bonds

\$ 1,994

Employee Benefits

Medicare and Social Security

\$ 480

Workers Compensation

750

1,230

Total Other Functions

3,224

TOTAL DISBURSEMENTS

\$ 16,033

HENDERSON TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS  
MARCH 31, 2004

ASSETS

Cash  
Commercial Account

\$ 5

EQUITY

Balance  
Unreserved

\$ 5

HENDERSON TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

STATEMENT 6

CURRENT TAX COLLECTION FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE  
FOR THE FISCAL YEAR ENDED MARCH 31, 2004

RECEIPTS

Current Tax Collections	\$ 137,643
Delinquent Tax and Interest	3,607
Late Payment Fee	<u>48</u>

Total Receipts \$ 141,298

DISBURSEMENTS

Payments to County Treasurer		
Current Tax		
Operating	\$ 32,783	
County Wide Transit Authority	1,581	
Library	2,765	
Commission on Aging	3,993	
State Education Tax	20,615	
Delinquent Tax and Interest	1,247	
Late Payment Fee	<u>25</u>	
		\$ 63,009

Payments to Township Treasurer		
Current Tax	\$ 3,523	
Delinquent Tax and Interest	231	
Late Payment Fee	<u>2</u>	
		3,756

Payments to School Treasurer		
Cadillac Area Public School		
Current Tax	\$ 48,110	
Delinquent Tax and Interest	1,669	
Late Payment Fee	21	
Wexford-Missaukee Intermediate School		
Current Tax	24,273	
Delinquent Tax and Interest	<u>460</u>	
		<u>74,533</u>

Total Disbursements 141,298

Excess of Receipts Over  
(Under) Disbursements \$ 0

BALANCE - April 1, 2003 5

BALANCE - March 31, 2004 5

HENDERSON TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GENERAL FIXED ASSETS GROUP OF ACCOUNTS

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2004

	BALANCE 4/1/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
<u>GENERAL FIXED ASSETS</u>				
Land and Building	\$ 52,580	\$ 0	\$ 0	\$ 52,580
Machinery and Equipment	1,389	0	0	1,389
Furniture and Fixtures	2,632	0	0	2,632
	<u>\$ 56,601</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 56,601</u>
<u>INVESTMENT IN GENERAL FIXED ASSETS</u>	<u>\$ 56,601</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 56,601</u>

HENDERSON TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

STATEMENT OF 2003 TAX ROLL  
MARCH 31, 2004

TAXES ASSESSED

County

Operating	\$ 35,470
County Wide Transit Authority	1,710
Library	2,992
Commission on Aging	4,320
State Education Tax	21,885

Township

School	3,811
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Cadillac Area Public Schools

51,584

Intermediate School

Wexford-Missaukee

26,262      \$ 148,034

TAXES COLLECTED

County

Operating	\$ 32,783
County Wide Transit Authority	1,581
Library	2,765
Commission on Aging	3,993
State Education Tax	20,615

Township

3,523

School

Cadillac Area Public Schools

48,110

Intermediate School

Wexford-Missaukee

24,273      137,643

TAXES RETURNED DELINQUENT

County

Operating	\$ 2,687
County Wide Transit Authority	129
Library	227
Commission on Aging	327
State Education Tax	1,270

Township

288

School

Cadillac Area Public Schools

3,474

Intermediate School

Wexford-Missaukee

1,989      \$ 10,391

M. WAYNE BEATTIE, C.P.A.  
1902 - 1990  
JACK H. BAIRD, C.P.A.  
JERRY L. COTTER, C.P.A.  
DALE D. COTTER, C.P.A.

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DOUGLAS P. McMULLEN, C.P.A.  
JOHN F. TAYLOR, C.P.A.  
STEVEN C. ARENDS, C.P.A.  
SCOTT A. HUNTER, C.P.A.  
JONATHAN E. DAMHOF, C.P.A.  
MICHAEL D. COOL, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS

June 3, 2004

LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board  
Henderson Township  
Wexford County  
Cadillac, Michigan

During the course of our audit of the financial statements of Henderson Township for the year ended March 31, 2004, we noted the following list of items which we feel deserve comment:

GASB 34

The Governmental Accounting Board has issued statement number 34 which significantly changes the financial statement presentation for governmental entities following accounting principles generally accepted in the United States of America. We will assist the Township in determining the effect of GASB 34 on its financial statements when the implementation date of March 31, 2005, comes closer.

Payroll Tax Reporting

When comparing the W-2 statements to the Form 941's for the year, we noted small differences. If left uncorrected, the Township may, in the future, receive an inquiry from the IRS. We are available to assist the Township in making the necessary corrections, if desired. This would also help prevent future errors of the same type.

Bankers Cemetery

For the year beginning April 1, 2004, the Township has taken over control of the joint cemetery. We are available to assist in helping the clerk and treasurer properly account for these activities.

We would like to thank the board for awarding our firm the audit assignment of the Township.

If you have any questions relative to the above comments and recommendations or other areas of your annual accounting, please feel free to call on us.

BAIRD, COTTER AND BISHOP, P.C.

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CERTIFIED PUBLIC ACCOUNTANTS

June 3, 2004

LETTER OF REPORTABLE CONDITIONS

To the Township Board  
Henderson Township  
Wexford County  
Cadillac, Michigan

In planning and performing our audit of the general-purpose financial statements of Henderson Township, Wexford County, Cadillac, Michigan for the year ended March 31, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general-purpose financial statements.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is a material weakness.



This report is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

